



Economic Impact Analysis Virginia Department of Planning and Budget

8 VAC 20-131 – Regulations Establishing Standards for Accrediting Public Schools in Virginia
Department of Education
May 13, 2008

Summary of the Proposed Amendments to Regulation

Pursuant to Chapters 859 and 919 of the 2007 Virginia Acts of Assembly, the Board of Education (Board) proposes to establish requirements for the Standard Technical and Advanced Technical Diplomas. The Board also proposes several other amendments including: 1) specifying a graduation and completion index, 2) requiring that each school with a graduating class achieve a minimum of 80 percentage points on the Board’s graduation and completion index in order to be rated Fully Accredited, 3) establishing a new accreditation rating called “Provisionally Accredited-Graduation Rate,” 4) clarification that students shall be required to take only one test per content area in each tested grade, 5) requiring two additional standard credits for the Advanced Studies Diploma, 6) requiring that all middle schools develop and maintain a personal Academic and Career Plan for each seventh- and eighth-grade student, 7) requiring that principals notify the parents of students removed from class for disciplinary reasons for two or more consecutive days, and 8) adding language to permit school divisions to receive recognitions and rewards from the Board for accountability performance.

Result of Analysis

The benefits likely exceed the costs for all proposed changes.

Estimated Economic Impact

The objective measures provided by the Standards of Learning (SOL) examinations and the associated accreditation ratings earned by public schools have been beneficially informative for the public and policymakers. It has long been known though that state accountability systems such as the SOL testing and associated accreditation rating do provide pressure for “gaming the

system” by schools and school divisions which have difficulty achieving the pass rates necessary to garner full accreditation. For example, in 1999 The Richmond Times-Dispatch quoted the superintendent of Danville City Public Schools stating that the Commonwealth’s accountability exam system “actually encourages higher dropout rates ... It is actually to the school’s advantage to drop slow learners and borderline students from the school, because they are usually poor test-takers.” Research has conclusively shown that gaming the system has occurred in other states.¹

This is not to say that many schools have intentionally pushed out poor-performing students. The incentive structure has encouraged schools under pressure of not being fully accredited to devote less time and resources toward keeping poor-performing students in school than if the need to increase the pass rate of students in school did not exist. Thus the proposal to require that each school with a graduating class achieve a minimum of 80 percentage points on the Board’s graduation and completion index in order to be rated Fully Accredited may potentially provide a very significant benefit for the Commonwealth. This proposed requirement may largely eliminate the incentive to devote less time and resources toward keeping poor-performing students in school since having poor-performing students dropout will no longer unambiguously increase the likelihood of achieving full accreditation.

The proposed regulations specify that “no student shall be required to take more than one test in any single content area in any tested grade.” According to the Department of Education, at times advanced students have been mistakenly required to take separate tests for both their enrolled grade level and for the grade level of the content received in instruction. The proposed clarifying language will be beneficial in that there likely will be less wasting of time and testing materials.

Currently students must acquire 24 standard credits (as well as 9 verified credits) in order to earn the Advanced Studies Diploma. The Board proposes to require two additional standard credits: one in economics or personal finance, and one in an elective, thus requiring in total 26 standard credits for the Advanced Studies Diploma. The new Advanced Technical Diploma would also require 26 standard credits. Knowledge in economics and/or personal finance can bring significant benefits to the individuals acquiring the knowledge as well as the public in that the individuals may be able to better understand what makes sensible policy and

¹ Florida: Figlio and Getzler (2006) and Texas: Berry Cullen and Reback (2006)

may contribute more to the economy by being more productive. Since students may still graduate with a Standard Diploma if earning two additional credits is cumbersome, the proposed addition will not negatively affect graduation. Thus, this proposed amendment will likely provide a net benefit.

The proposal to require that all middle schools develop and maintain a personal Academic and Career Plan for each seventh- and eighth-grade student has the potential to provide significant benefit, depending on how it is implemented. The proposed regulatory language includes the following:

The components of the Plan shall include, but not be limited to, the student's educational goals and program of study for high school graduation and a postsecondary career pathway based on the student's academic and career interests. The Academic and Career Plan shall be developed and signed by the student, student's parent or guardian, and school official(s) designated by the principal. The Plan shall be included in the student's record and shall be reviewed and updated, if necessary, before the student enters the ninth and eleventh grades.

The Plan potentially may help keep students in school by tailoring their courses toward the students' interests. Students who see that courses they are taking will help them toward a career they desire are more likely to put forth effort to pass their classes and stay in school. Also, students not at risk of dropping out may benefit by seeing more purpose in their classes and putting forth a stronger effort. Creating, maintaining and reviewing the Academic and Career Plan will take staff time. If done well the benefits will likely exceed the costs.

The proposal to require that principals notify the parents of students removed from class for disciplinary reasons for two or more consecutive days will likely provide a net benefit. For the schools where this is not already policy it will create a small amount of additional cost in staff time; but the benefit of having parents informed and more likely to become involved likely outweighs the cost.

The current regulations only permit schools to be recognized and rewarded for accountability performance. The Board proposes to allow school divisions to receive recognitions and rewards from the Board for accountability performance. Allowing appropriate recognition for success at the division level can certainly be beneficial. There are no apparent costs to permitting such recognition.

Businesses and Entities Affected

The proposed amendments affect the 132 school divisions in the Commonwealth, as well as their students and staff.

Localities Particularly Affected

All Virginia localities are significantly affected by these regulations.

Projected Impact on Employment

The proposed amendments are unlikely to significantly affect employment in the short run. In the long run the proposed amendments may moderately improve the preparation of public school students for the workforce. To the extent that graduates are more employable, there may be greater productivity and increased employment in the long run.

Effects on the Use and Value of Private Property

The proposed amendments are unlikely to significantly affect the value of private property in the short run. In the long run the proposed amendments may moderately improve the preparation of public school students for the workforce. To the extent that graduates are more productive, there may be an increase in the value of private property in the long run.

Small Businesses: Costs and Other Effects

The proposed amendments are unlikely to significantly affect small businesses in the short run. In the long run the proposed amendments may moderately improve the preparation of public school students for the workforce. An increase in the supply of productive workers can reduce costs for small businesses and may lead to the establishment of additional small businesses.

Small Businesses: Alternative Method that Minimizes Adverse Impact

The proposed amendments do not create adverse impact for small businesses.

Real Estate Development Costs

The proposed amendments are unlikely to significantly affect real estate development costs.

References

Berry Cullen, Julie and Randall Reback, "Tinkering Toward Accolades: School Gaming Under a Performance Accountability System," pages 1-34 in *Improving School Accountability: Check-ups or Choice*, Advances in Applied Microeconomics, Timothy J. Gronberg and Dennis W. Jansen editors, Volume 14, Elsevier Ltd, 2006.

Borja, Rhea R., "Comments: SOLs Raise Concern, Little Support / Change Tests, Use Multiple Criteria, Speakers Say," *Richmond Times-Dispatch*, December 1, 1999.

Figlio, David N. and Lawrence S. Getzler, "Accountability, Ability and Disability: Gaming the System," pages 35-49 in *Improving School Accountability: Check-ups or Choice*, Advances in Applied Microeconomics, Timothy J. Gronberg and Dennis W. Jansen editors, Volume 14, Elsevier Ltd, 2006.

Legal Mandate

The Department of Planning and Budget (DPB) has analyzed the economic impact of this proposed regulation in accordance with Section 2.2-4007.04 of the Administrative Process Act and Executive Order Number 36 (06). Section 2.2-4007.04 requires that such economic impact analyses include, but need not be limited to, the projected number of businesses or other entities to whom the regulation would apply, the identity of any localities and types of businesses or other entities particularly affected, the projected number of persons and employment positions to be affected, the projected costs to affected businesses or entities to implement or comply with the regulation, and the impact on the use and value of private property. Further, if the proposed regulation has adverse effect on small businesses, Section 2.2-4007.04 requires that such economic impact analyses include (i) an identification and estimate of the number of small businesses subject to the regulation; (ii) the projected reporting, recordkeeping, and other administrative costs required for small businesses to comply with the regulation, including the type of professional skills necessary for preparing required reports and other documents; (iii) a statement of the probable effect of the regulation on affected small businesses; and (iv) a description of any less intrusive or less costly alternative methods of achieving the purpose of the regulation. The analysis presented above represents DPB's best estimate of these economic impacts.